

Magnussen, Ryan

RYAN MAGNUSSEN - APRIL 28, 2006

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

IN RE ADAMS GOLF, INC.
SECURITIES LITIGATION

Consolidated
C.A. No. 99-371 KAJ
Class Action
Jury Trial Demanded

APRIL 26, 2006
9:00 O'CLOCK A.M.

The Deposition of **RYAN MAGNUSSEN**,
taken before Ernest Kuemmel, CSR(A), Examiner,
pursuant to Rules 203, 728, 204(1) of the Court of
Queen's Bench of Alberta at the offices of Michael
C. Dunkley, Calgary, Alberta, on the 28th day of
April, A.D. 2006.

APPEARANCES

FOR THE PLAINTIFFS:

Elizabeth W. Fox, Ms.
Berger & Montague, P.C.
1622 Locust Street
Philadelphia, Pennsylvania 19103

and

Elizabeth A. Leland, Ms.
Keller Rohrback LLP
1201 Third Avenue, Suite 3200
Seattle, Washington 98101-3052

FOR THE DEFENDANTS:

(With the exception of the underwriters)

Michelle A. Reed, Ms. and
Laura Moriarty, Ms.
Akin Gump Strauss Hauer & Feld LLP
300 West 6th Street, Suite 2100
Austin, Texas 78701-3911

OFFICIAL COURT REPORTER:

DONNA GERBRANDT, CSR(A)

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1 **RYAN CURTIS MAGNUSSEN**, sworn, examined
2 by Ms. Leland:

3 Q. Good morning.

4 A. Good morning.

5 Q. Thank you for being here.

6 A. You're welcome.

7 Q. My name is Elizabeth Leland. I'm from
8 the law firm of Keller Rohrback in Seattle, and I'm
9 one of the attorneys for the plaintiffs in this
10 case. Could you state your name and your address
11 for the record, please?

12 A. **Ryan Curtis Magnussen. Address is**
13 **135 Woodmont Drive, Southwest, Calgary, Alberta.**

14 Q. Thank you. Now briefly, without
15 divulging the details of any of our communications,
16 can you tell me how the documents bearing the
17 numbers MCK on the bottom came to be in the
18 plaintiff's attorney's possession?

19 A. **Vance Mackenzie and I had a meeting, I**
20 **believe -- well, management had a meeting and Vance**
21 **contacted the Seattle law firm, when we found out**
22 **that the lawsuit was going on, to offer up any**
23 **information that we had that might help them to,**
24 **you know, pursue the case, that helps the case.**

25 Q. And the Seattle law firm took all the

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1 documents that were offered?

2 A. **Yeah. I believe it was you came up to**
3 **our office in Calgary, and I had all my staff**
4 **supply you with their files from Adams, which you**
5 **went through and chose whichever documents you**
6 **wanted.**

7 Q. And that was all the documents that were
8 offered; correct?

9 A. **Yeah.**

10 Q. Okay. Can you give me a brief
11 background of your work history before you became
12 affiliated with WDC Mackenzie?

13 A. **I started work with Sears Canada, and I**
14 **worked with them for six years. I left as a retail**
15 **sales manager and I joined a bank, Canada Trust. I**
16 **became a branch manager at 25, and did that for**
17 **another seven years. I was one of the top**
18 **managers. And I decided that, based on how I was**
19 **successful in business and saw what my customers**
20 **did, that if I went out and did my own business**
21 **that I could be successful as well. So that's**
22 **where we started WDC after that.**

23 Q. And in what year was WDC started?

24 A. **In 1992.**

25 Q. And can you give me a brief background

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1 compete with Adams?

2 **A. Maybe. To the best of my recollection,**
3 **I didn't pay a lot of attention to what Callaway**
4 **did, so...**

5 **Q. Tell me a little bit about the golf**
6 **industry and who you would consider Adams Golf**
7 **competitors in 1998?**

8 **A. In '98. Due to the product, design, and**
9 **innovation it was a top club, top of the market.**
10 **And so its competitors would have been the**
11 **Callaway, Taylor Made. The top-end manufacturers.**

12 **Q. Can you think of any others?**

13 **A. Titleist, Nazumo.**

14 **Q. What's that one?**

15 **A. Nazumo.**

16 **Q. Does that sort of sum up Adams Golf's**
17 **competition?**

18 **MS. LELAND: To the best of your**
19 **recollection**

20 **A. To the best of my recollection, but**
21 **there are 50 club manufacturers probably out there,**
22 **and they're all Adams' competition.**

23 **Q. MS. REED: Had any of these**
24 **other manufacturers experienced gray marketing of**
25 **their clubs --**

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1 **MS. LELAND: Object to form.**

2 **Q. MS. REED: -- in 1998?**

3 **MS. LELAND: Object as to form.**

4 **A. To the best of my knowledge, yes.**

5 **Q. MS. REED: Which golf**
6 **manufacturers experienced gray marketing in 1998?**

7 **A. Particularly -- in 1998?**

8 **Q. Yes.**

9 **A. To the best of my knowledge, I don't**
10 **know.**

11 **Q. Or previous to 1998.**

12 **A. Titleist, Callaway.**

13 **Q. Did Taylor Made --**

14 **A. I don't shop at Costco.**

15 **Q. Excuse me?**

16 **A. I don't shop at Costco, so I don't...**

17 **Q. But based on your knowledge from being**
18 **in the company, were you aware of any other**
19 **manufacturers that had previously experienced gray**
20 **marketing in 1998?**

21 **A. To the best of my knowledge, the two I**
22 **mentioned.**

23 **Q. Do you know if Taylor Made did?**

24 **A. That's... I had a letter -- is it**
25 **Titleist Kober (phonetic) or is it --**

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1 **MS. LELAND: You just answer to**
2 **the best of your recollection. We're trying to get**
3 **at what you know, so...**

4 **A. Yeah.**

5 **Q. MS. REED: Callaway and**
6 **Titleist?**

7 **A. Yeah.**

8 **Q. That's good. And even after gray**
9 **marketing, would you consider Callaway to be a**
10 **major name brand club?**

11 **MS. LELAND: Object as to form.**
12 **You can answer.**

13 **A. Yes, but it's not comparing apples with**
14 **apples. You know, one's an established business**
15 **and one is a new business.**

16 **Q. MS. REED: Even after gray**
17 **marketing would you consider Titleist to be a major**
18 **name brand club?**

19 **MS. LELAND: Object to form.**
20 **Yes.**

21 **A. The same thing?**

22 **MS. FOX: Finish.**

23 **MS. LELAND: You go ahead and**
24 **finish your answer.**

25 **MS. REED: Counsel, I would**

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1 **appreciate it if you wouldn't coach the witness**
2 **either verbally or through your actions during the**
3 **Deposition.**

4 **MS. LELAND: I'm sorry. I was**
5 **not coaching the witness, but go ahead and answer**
6 **the question.**

7 **THE WITNESS: Please repeat the**
8 **question.**

9 **MS. REED: I can just move on.**

10 **Q. Earlier you had talked about the various**
11 **products that WDC Mackenzie marketed. Was WDC**
12 **Mackenzie focussed on selling popular products?**

13 **MS. LELAND: Object as to form.**

14 **A. Our goal was to gain exclusive Canadian**
15 **rights to a product so that we had control in**
16 **Canada of how the product sold and... quickly**
17 **repeat the question.**

18 **Q. MS. REED: Were you focussed on**
19 **selling hot or revolutionary products?**

20 **MS. LELAND: Object to the form.**

21 **A. Again, no. We wanted to get the**
22 **Canadian distribution for whatever we could**
23 **off, and we had to believe that it had a pro**
24 **the product had potential in the marketplace. We**
25 **generally had products that were not in the**